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ABSTRACT

State aid to private higher education goes back to the beginning of higher education in this country. The forms of financial support for private higher education run the gamut from contracts for special services to general student aid available to students at both public and private institutions. By far the most important from the standpoint of the amounts of money involved are student aid and direct institutional aid. In addition to what might be described as general scholarship or grants including tuition equalization grants, a number of states offer scholarships or grants in special areas including medicine, dentistry, law, nursing, allied health fields and teacher education. Another related but distinguishable form of state support for private institutions that has been increasing over the last 3 years is what might be described as the development of contract relations. A fourth area of state support where it is constitutionally possible has been the development of Facilities Bonding Authorities. Eleven states now have such bonding authorities that enable institutions to borrow funds for construction on the basis of tax free bonds. If there is to be continued and increasing state concern and financial support for private higher education, it should be the result of effective planning for postsecondary education as a whole with clear recognition of the integral role of private higher education to the total picture. (Author/PG)

Speech by Dr. Richard Millard, Director of Higher Education Services of the Education Commission of the States, on February 6, 1974 to the Society for College and University Planning conference on "Public Policy and the Relationship of Private and Public Higher Education" in New York City.

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STATE PROGRAMS TO PROVIDE FINANCIAL SUPPORT FOR AND COORDINATION OF NON-PUBLIC HIGHER EDUCATION

State aid to private higher education goes back to the beginning of higher education in this country. The then Colony and later Commonwealth of Massachusetts not only contributed colonial funds to the founding of Harvard College but continued to support it well into the 19th Century. If one asks whether the states today are cognizant of the contribution and the problems of private higher education as they relate to the total postsecondary educational universe in the states and the nation in concrete terms that involve aid to private institutions and consideration of private institutions in state planning for postsecondary education, the aggregate answer is clearly "yes". State aid to the private sector on the basis of amount per student has increased five times over the last ten years and 190 per cent in the last five.[1] Admittedly this increase was from a relatively small base compared to appropriations for public institutions but the totals today are far from inconsiderable. Currently some 39 states make funds available to the private sector indirectly or directly in a number of different ways. Even during 1971-1972 when the central focus of discussion was on the possibility of federal aid to institutions in what was to become the Education Amendments of 1972, some 31 states were making appropriated funds available again directly or indirectly to private institutions. If this is compared with the failure to fund the institutional aid provisions of the Amendments, one would have to say that the states have a far better

[1] Glenny, Lyman A. and James Kidder, State Tax Support for Higher Education: Revenue Appropriation Trends and Patterns, 1963-1973. Berkeley: Center for Research and Development in Higher Education, 1974. p. 24-25.

record than the federal government.

One does have to keep in mind, however, that the "yes" answer to state response is an aggregate answer and that the situation varies considerably from state to state. No two of them are alike or have identical programs. They vary in history, ethnic mix, economic resources, governmental structure, traditions and perspective in relation to each other and the national scene. They vary in the size of the private sector from states like Massachusetts where at least until relatively recently more than half of the enrolled students are in private institutions to Wyoming with no private institutions at all. The extent to which private higher education constitutes an important resource, the extent to which the condition of private institutions presents a challenge, even the extent to which reinforcement of private higher education financially constitutes a major or minor budgetary issue varies considerably. Even the legal and constitutional problems are decidely different from state to state. It should be kept in mind that there is not, should not be, and cannot be a single problem or a single answer in the area of state aid to private higher education. There are literally 50 problems and 50 sets of answers and each one not only has to be but should be considered separately. This unfortunately is sometimes forgotten by national organizations and even by the federal government with the result that discussions frequently have an aura of unreality about them and solutions, even in the forms of federal legislation, are less than relevant to the real situation for particular states and institutions.

This is not to say that every state has to reinvent the wheel (although there are a few that would like to) or that there are not common issues and factors relevant to most states. It is not to suggest that the states severally cannot reinforce each other, identify common problems, and

consider complementary or even mutual solutions. Nor is it to suggest that the higher education communities in the various states in their interface with the political communities cannot and should not reinforce each other, or that information shared among states and institutions may not be extraordinarily valuable in developing appropriate programs for each state or on interstate bases. If this were not the case there would be no excuse for an organization such as the one I represent. But it is to recognize that the basic decisions and solutions will be made and funded by the legislatures in New York, Alabama, Illinois, Idaho and Hawaii and will have to be adapted to the conditions in those states. If this is kept clearly in mind then discussions about state programs to provide financial support for and coordination with nonpublic higher education are likely to be far more realistic and helpful than if we stay on the level of abstract generalizations.

With this in mind, what are the states doing in the area of financial support? We have already indicated that 39 states make aid available to private institutions in some form. Eleven states have no program for such aid. These 11, including Wyoming with no private institutions, with two possible exceptions (New Hampshire and Delaware) are not states in which private higher education has played a very prominent role. They tend to be states with relatively small populations and with the exception of Hawaii and Delaware, states without major metropolitan centers. In addition to Wyoming, New Hampshire, Delaware and Hawaii, they include Arizona, Arkansas, Idaho, Mississippi, South Dakota, Utah and Nevada. There are three additional states in which programs have been authorized but not funded (Colorado, Nebraska and Oklahoma) and one state in which a program has received only token funding pending a test of constitutionality (Kentucky).

The forms of financial support for private higher education run the gamut from contracts for special services to general student aid available to students at both public and private institutions. By far the most important from the standpoint of the amounts of money involved are student aid and direct institutional aid. For the academic year 1973-1974 the states appropriated for various forms of student aid including tuition equalization grants funds in excess of $387 million, a major portion of which went to students at private institutions. In addition, states appropriated in excess of $102 million for direct institutional aid.

In the area of student aid 35 states have authorized programs although in three states the programs are not yet funded. Some states such as California, Connecticut, New Jersey, New York and Wisconsin have developed a complex of student aids for different purposes. Others have single programs. Dr. Joseph Boyd of the Illinois State Scholarship Commission lists 28 states for 1973-1974 with comprehensive undergraduate state scholarship grant programs based at least in part upon need and centrally administered. Some 15 states have tuition equalization grants specifically for students in private institutions. Eleven states have loan programs usually but not always accompanied by scholarship or grant programs. For example, Colorado on the one hand has constitutional authorization for a loan program only to students in private institutions. On the other hand New York, Florida, Washington and Michigan have developed loan programs as one among a number of forms of student assistance. At least two states (Connecticut and Minnesota) have developed their own work-study programs. In at least seven states the grants are portable and can be taken to out-of-state as well as in-state public or private institutions. While Pennsylvania has by far the largest such program, New Jersey, Massachusetts, Connecticut, Oregon, Rhode Island

and Vermont also allow grants to be taken out-of-state. Some seven states allow use of grants at proprietary as well as nonprofit private and public institutions. While it is the case that almost 70 per cent of the student aid funds come from five states--New York, Illinois, California, New Jersey and Pennsylvania--when one considers population and density of private institutions the spread is not as uneven as on the surface might appear.

In addition to what might be described as general scholarship or grants including tuition equalization grants, a number of states offer scholarships or grants in special areas including medicine, dentistry, law, nursing, allied health fields and teacher education. These also are available to students in private institutions and in some cases are specifically designated for such institutions.

Some 18 states provide direct institutional aid in contrast to student aid although most of these states also have student aid programs. Six of the 18 make the aid available on a formula basis to all qualified institutions. Of these six, four (New York, Illinois, Maryland and New Jersey) utilize formulae based on number of students or number of degrees. Three (Connecticut, North Carolina and, again, New Jersey with a two-pronged program) relate the funds to grant or scholarship holders in the institutions. The other 12 states make grants to specific institutions or parts of institutions varying from one in Alaska to 12 state-related or state-funded institutions in Pennsylvania.

Another related but distinguishable and important form of state support for private institutions that has been increasing over the last three years is what might be described as the development of contract relations. Currently some 16 states have developed contracts usually but not always with specific institutions for specific programs that are either in short supply, or would be high cost to develop, and that fit in with major state objectives. A

number of these (12) are in medical and health related areas but they extend to law, teacher education, use of computers, libraries, and special fields of graduate education. In addition to such specific area contracts, 5 states contract for space for additional state residents including in the case of North Carolina, Connecticut and New Jersey spaces for disadvantaged students.

A fourth area of state support where it is constitutionally possible has been the development of Facilities Bonding Authorities. New York led the way with its Dormitory Authority, since extended to academic facilities as well as dormitories. Eleven states now have such bonding authorities which enable institutions to borrow funds for construction on the basis of tax free bonds. New York has again led the way in the area of facilities by creating the first program of deferred major maintainence loans for private institutions to enable them to remodel, restore or modernize existing facilities.

Special note should be taken of forms of aid to private institutions in the medical and health related fields. We have already touched on this in student aid and in contracts. However it is sufficiently crucial and on a wide enough scale to deserve to be a category of its own. Some 16 states currently have aid or support programs in these areas. Six states provide grants or scholarships to students attending private medical, dental or nursing schools. Four also provide loans. Fourteen states provide funds directly to the schools as outright grants, as incentives to add more students, or to insure places for state residents. This does not include the major regional programs operated through the Western Interstate Commission on Higher Education, the Southern Regional Education Board, and the New England Board of Higher Education.

In addition to these major categories--student aid, direct institutional aid, contracts, facilities and health education--there are a series of other ways in which states are financially supporting private higher education that at this point are not widespread but may be important avenues to explore and even portents of the future. Two states, Indiana and Michigan, offer state income tax credits for individual or corporate donations to private higher educational institutions. Illinois is the first state to provide funds to encourage consortia among private or private and public institutions. While the amount appropriated in Illinois is small, $350,000, the dividends in institutional response in Illinois have been major. You are all familiar with the New York program endowing chairs for renowned scholars at private as well as public institutions. South Carolina has developed a program to make it possible for private institutions to utilize the state purchasing office. Virginia has exempted private institutions from the sales tax; Michigan from the gasoline tax. Minnesota has developed an interinstitutional television and library program that includes the private institutions. Most of these programs are small but they suggest additional avenues of cooperation and support.

Added together the various programs in the various states in financial cooperation and support of private higher education are impressive. This does not mean that all states are doing all they could or should but it does mean that the states sometimes in spite of constitutional and historical barriers are not only sensitive to the needs of private higher education but are concerned with their viability and continued contribution to the complex of postsecondary education in meeting the needs of their citizens and the nation. The primary responsibility of the states is obviously to the public institutions they have created, but the states have also recognized that

the private institutions are integral to the health of postsecondary education as a whole.

But this brings us to the other part of the title for this session--coordination. There are two ways of approaching the problem of state aid to private higher education. In fact there are two ways to approach state support of higher education in general. One is what might be described as the ad hoc way, or the piecemeal way, or still more descriptive the laissez faire way. This is the way of internecine warfare, of public institutions against private institutions, of institution against institution, of special lobbying groups and end runs. Occassionally it may work. But it has the disadvantage even when it works of reducing credibility, of forcing academic decisions into the political arena, and of creating the kind of chaos which can only be self-destructive. Nobody wins. I would suggest that very little of the forms of aid we have been discussing would have gotten very far without in many cases the active pursuit and support of it by the appropriate state higher education agency and important segments of the public as well as the private higher educational communities.

The other way is the way of cooperation, complementation and planning. Most of the states (47) recognized the essential need of effective coordination and planning for public higher education during the period of expansion of the 1960s. While the New York Board of Regents goes back to colonial times and some 16 states had higher education boards by 1960, all but three states had created coordinating or governing boards by 1970 charged with at least some responsibility for planning. Today with the increased recognition of the range of postsecondary education, with the tightening enrollment situation, with increasing costs, and with far more public including legislative and executive concern for accountability, effective management and educational

innovation and diversity, the need for effective cooperation, coordination and planning is that much more acute. Development of appropriate support for private higher education has to be an integral part of the total planning process. This is no time for open warfare between the public and private higher educational communities. If planning is to be done effectively all segments of the postsecondary educational community need to be taken into account and to be involved in it.

While most of the state higher education agencies were originally charged primarily with responsibility for public higher education or some segment of it, many of the states are moving to broaden their scope, not just as a result of the Education Amendments of 1972 and the 1202 commissions, but because of the very issues this conference is concerned about, among others. Most such agencies have had at least the authorization to seek information necessary for effective planning and coordination from any reasonable source, public or private. New York, historically, has perhaps gone furthest in this direction in that the University of the State of New York includes all higher education institutions in the state public, private and proprietary. A number of states, 18 in fact, as well as Puerto Rico, in spite of the fact that the guidelines have never been released for section 1202, have already designated by legislative or executive action state planning commissions. Eight of such state planning commissions have been created or designated by legislative action and 10 by executive order. Quite apart from any consideration of 1202 commissions the need for including consideration of the full range of postsecondary education in the planning process, for developing the kind of implementation structure that utilizes the full range of postsecondary educational resources, for development of effective articulation not only among the segments of the postsecondary educational community but with elementary and secondary

education and the wider community, if planning and its implementation are to be effective for any segment of postsecondary education, seems clearer today than ever before.

While I have no brief for any particular structure and would again come back to the opening insistence that there are and should be 50 different structures, regardless of these structures a number of things related to the problem at hand seem clear.

First, if there is to be continued and increasing state concern and financial support for private higher education it should be the result of effective planning for postsecondary education as a whole with clear recognition of the integral role of private higher education to the total picture. One can no longer plan for one segment of higher education alone.

Second, if private institutions accept public funds, they indeed as the public institutions will be accountable for their use. If such accountability is not to involve direct political interference it is in the interests of the private as well as the public institutions to work together in and through a coordinating structure responsible to the postsecondary educational community as well as to the branches of government. The alternative is not likely to be no coordination but direct legislative or executive control or reliance upon a governmental agency for whom postsecondary education is not the major concern.

Third, the Carnegie Commission and the Committee on Economic Development not withstanding, the issues of support for private higher education and tuition in public institutions should not be confused. While the issues may be related they are not the same and to confuse them is to do battle for the wrong issue at the wrong time with the wrong enemy. Both issues need to be

resolved in the light of more effective and comprehensive planning for postsecondary education as a whole.

Fourth, we are past the day when we should talk about diversity as if it simply involved two differing forms of governance and financing. While this is part of it, real diversity is not a function of mode of financing but a function of purpose within system to accommodate the variety of needs for postsecondary education of the citizens of the states and nation. Integral to effective planning, complementation, and funding is far clearer identification of purpose and role and scope of institutions than has some times been the case in the past. It is on the need for, the complementation of, and the contrast among the various types of institutions in meeting social needs for instruction, research, and public service that the most effective argument for support must rest.

Finally, we have a unique opportunity today for the various segments of postsecondary education public and private to work together cooperatively in meeting the changing postsecondary educational needs of the state and nation. If this is to take place, it must be by design and not by accident. If the emphasis is upon cooperation, complementation, and common planning, in the light of the response of the states to date, while the future will not be without its problems, it seems to me that we have more than a reasonable chance of continuing and further developing a viable community of public and private postsecondary education that will indeed meet the postsecondary educational needs of the state and nation with the kind of support that insures its health. The alternative of conflict and separation can only spell disaster.

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